



Kleos Space S.A. (ASX:KSS)

Investor Presentation

Capital Raising November 2020

Important Notice and Disclaimer

This presentation has been prepared by Kleos Space SA (ARBN 625 668 733) (**Kleos** or the **Company**) in connection with an institutional placement of CHESS Depositary Interests over new fully paid ordinary shares (**New CDIs**) in the Company (**Placement**). The Placement is managed by the lead manager (the **Lead Manager**). By receiving this presentation, you are agreeing to the following restrictions and limitations.

Summary information

This Presentation contains summary information about Kleos' activities current as at the date of this presentation. The information in this presentation is of a general background nature and does not purport to be complete, include all information that prospective investors would require to evaluate their investment in Kleos, nor does it contain all of the information which would be required to be disclosed in a prospectus, product disclosure statement or other offer document under Australian law or under any other law. This presentation has not been filed, registered or approved by regulatory authorities in any jurisdiction. This presentation should be read in conjunction with Kleos' periodic and continuous disclosure announcements filed with the Australian Securities Exchange, available at www.asx.com.au.

Not an offer

This presentation is for information purposes only and is not a prospectus, product disclosure statement or other disclosure or offering document under Australian law. This presentation is not, and does not constitute an offer to sell or the solicitation, invitation or recommendation to purchase any security (including New CDIs) or any other financial product nor does it constitute financial product advice. Neither this document nor any of the information contained herein shall form the basis of any contract or commitment. The Placement will be conducted under section 708A of the Corporations Act and will be made available to certain persons who are institutional investors. Determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal requirements and the discretion of the Company and the Lead Manager. To the maximum extent permitted by law, the Company and the Lead Manager each disclaim any liability in respect of the exercise of that discretion or otherwise. This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The securities referred to in this presentation have not been, and will not be, registered under the Securities Act of 1933 (US Securities Act) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States unless the securities have been registered under the US Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws. The distribution of this document in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions.

Not financial product advice or offer

The information in this presentation does not constitute financial product or investment advice (nor tax, accounting or legal advice) nor is it a recommendation to subscribe for or acquire New CDIs and does not and will not form any part of any contract for the subscription or acquisition of New CDIs. This presentation does not take into account the investment objectives, financial situation, taxation situation or needs of any particular investor. Prospective investors should consider the appropriateness of the information having regard to their own investment objectives, individual financial circumstances and seek legal, accounting and taxation advice appropriate to their jurisdiction, before making any investment decision. Kleos is not licensed to provide investment or financial product advice in respect of Kleos CDIs. Cooling off rights do not apply to the acquisition of New CDIs pursuant to the Offer.

Lead Managers' disclaimer

The Lead Manager, together with each of its related bodies corporate, shareholders or affiliates and each of their respective officers, directors, employees, affiliates, agents or advisers (each a "Limited Party") have not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this presentation and do not make or purport to make any statement in this presentation and there is no statement in this presentation which is based on any statement by a Limited Party. No Limited Party makes any recommendation as to whether any prospective investor should participate in the Offer and makes no warranties concerning the Offer. Further, no Limited Party accepts any fiduciary obligations owed to or relationship with any investor or prospective investor in connection with the Offer or otherwise, and by accepting this presentation each recipient expressly disclaims any fiduciary relationship and agrees that it is responsible for making its own independent judgements with respect to the Offer, and any other transaction or other matter arising in connection with this presentation. The Lead Manager or other Limited Parties may have interests in the CDIs of Kleos, including being directors of, or providing investment banking services to, Kleos. Further, they may act as market maker or buy or sell those securities or associated derivatives as principal or agent.

Investment risk

An investment in shares in Kleos is subject to known and unknown risks, some of which are beyond the control of Kleos and its directors, including possible loss of income and principal invested. Kleos does not guarantee any particular rate of return or the performance of Kleos, nor does it guarantee any particular tax treatment. Investors should have regard to (amongst other things) the risk factors outlined in this document when making their investment decision. See "Key Risks" section of this presentation for certain risks relating to an investment in Kleos CDIs.

Future performance and forward-looking statements

This presentation may contain forward-looking statements and comments about future events, including statements regarding Kleos' current intentions, objectives, plans, expectations, assumptions and beliefs about future events, including the industry and markets in which Kleos operates, Kleos' expectations in relation to the financial and operating performance of its business, the potential impact and duration of the COVID-19 pandemic, the timetable and outcome of the Offer and the proceeds thereof. The words "anticipate", "believe", "expect", "project", "predict", "will", "forecast", "estimate", "likely", "intend", "outlook", "should", "could", "may", "target", "plan" and other similar expressions can generally be used to identify forward-looking statements. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Investors and prospective investors are cautioned not to place undue reliance on these forward-looking statements as they involve inherent risk and uncertainty (both general and specific) and should note that they are provided as a general guide only. There is a risk that such predictions, forecasts, projections and other forward looking statements will not be achieved. Subject to any continuing obligations under applicable law, Kleos does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date of this presentation, to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any such statements are based. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forward looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. They are subject to known and unknown risks, including the risk factors described under "Key Risks", uncertainty, assumptions and contingencies, many of which are outside Kleos' control, and are based on estimates and assumptions that are subject to change and may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements. Past performance information (including past CDI price performance of Kleos) given in this document is given for illustrative purposes only and is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward looking statements, forecast financial information, future share price performance or any underlying assumptions. Nothing contained in this document nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of Kleos.

Financial data

All currency amounts are in Australian Dollars unless otherwise noted. All Kleos references starting with "FY" refer to the financial year for Kleos, ending 31 December. Investors should note that financial data in this presentation include "non-IFRS financial information" under Regulatory Guide 230 (Disclosing non-IFRS financial information) published by the Australian Securities and Investments Commission and have not been audited or reviewed. Kleos believes this non-IFRS financial information provides useful information to users in measuring the financial performance and conditions of Kleos. The non-IFRS financial information does not have a standardised meaning prescribed by AIFRS and therefore may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with AFIRS. Investors are cautioned not to place undue reliance on any non-IFRS financial measures included in this presentation.

Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

Disclaimer

No representation or warranty, express or implied, is made as to the accuracy, reliability, completeness or fairness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, neither Kleos, its related bodies corporate, shareholders or affiliates, nor any of their respective officers, directors, employees, affiliates, agents or advisers, nor any Limited Party, guarantees or makes any representations or warranties, express or implied, as to or takes responsibility for, the accuracy, reliability, completeness, currency or fairness of the information, opinions and conclusions contained in this presentation. Kleos does not represent or warrant that this presentation is complete or that it contains all material information about Kleos or which a prospective investor or purchaser may require in evaluating a possible investment in Kleos or an acquisition or other dealing in Kleos CDIs. To the maximum extent permitted by law, Kleos and each Limited Party expressly disclaims any and all liability, including, without limitation, any liability arising out of fault or negligence, for any direct, indirect, consequential or contingent loss or damage arising from the use of information contained in this presentation including representations or warranties or in relation to the accuracy or completeness of the information, statements, opinions or matters, express or implied, contained in, arising out of or derived from, or for omissions from, this presentation including, without limitation, any financial information, any estimates or projections and any other financial information derived therefrom.

Statements made in this presentation are made only at the date of the presentation. Kleos is under no obligation to update this presentation. The information in this presentation remains subject to change by Kleos without notice. Kleos reserves the right to withdraw or vary the timetable for the Offer without notice.



Kleos' satellites were launched by the Indian Space Research Organisation on board rocket PSLV 49 from Sriharikota, India on 7 November 2020



Kleos is at a significant inflection point following successful launch of its first cluster of 4 satellites on 7 November 2020



Revenues expected to flow in Q1 2021 from agreements and contracts already in place with counterparties including:

- US Air Force Micro-Satellite Military Utility programme
- L3Harris (NYSE:LHX US\$37Bn market cap)
- Multiple Government entities



Second cluster launching on SpaceX Falcon 9 Rocket mid 2021 to generate further revenue opportunity



Launch of several further clusters planned which will further expand revenue generation potential with minimal additional OPEX providing substantial operating leverage



Kleos is completing a two-tranche placement to raise approximately A\$19m. Funds raised will be used to:

- Fund the company beyond the launch of its second cluster of satellites to end of 2021
- Accelerate third cluster development
- Increase sales and marketing efforts
- Provide additional working capital
- Pay the costs of the offer

Kleos will generate subscription based revenues from the delivery of essential data to government and commercial entities



Kleos collects radio frequency data from satellites which is processed through its proprietary algorithms



The primary use of data collected is to detect maritime activity that is otherwise undetectable including:

- Drugs/arms/people trafficking
- Defence and national security reconnaissance
- Illegal fishing



Complementary to other commercial and government assets and data



High growth potential: Several satellite clusters planned. More satellites = more data = more revenue opportunities



Data sales will be subscription based and scalable providing recurring annuity type revenue, unrestricted in scale



Stable OPEX, revenues increase over time with growth in subscribers with substantial operating leverage



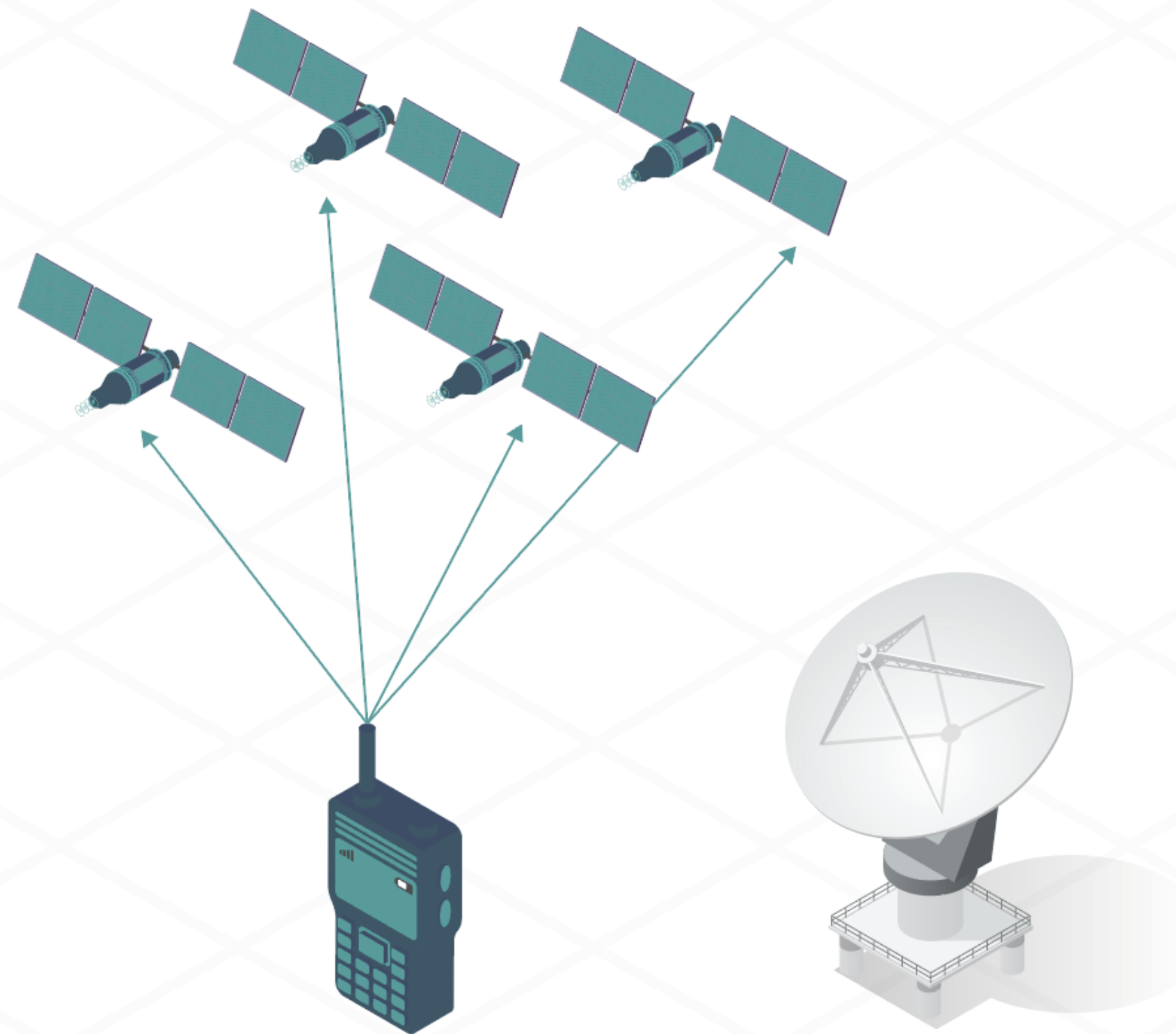
Exceptional management team experienced across space, technology, defence and intelligence sectors



Focus on high value geographies such as the South China Sea, Strait of Hormuz and northern Australian coastline



1st mover outside of US for similar offering. US-based Hawkeye360 is the closest equivalent.



1 Transmissions received at each satellite with a 'time difference'

2 Collected information transmitted to the ground

3 Information processed through algorithms creating geolocated data

4 Data sold to customers including government & security agencies & enterprise clients

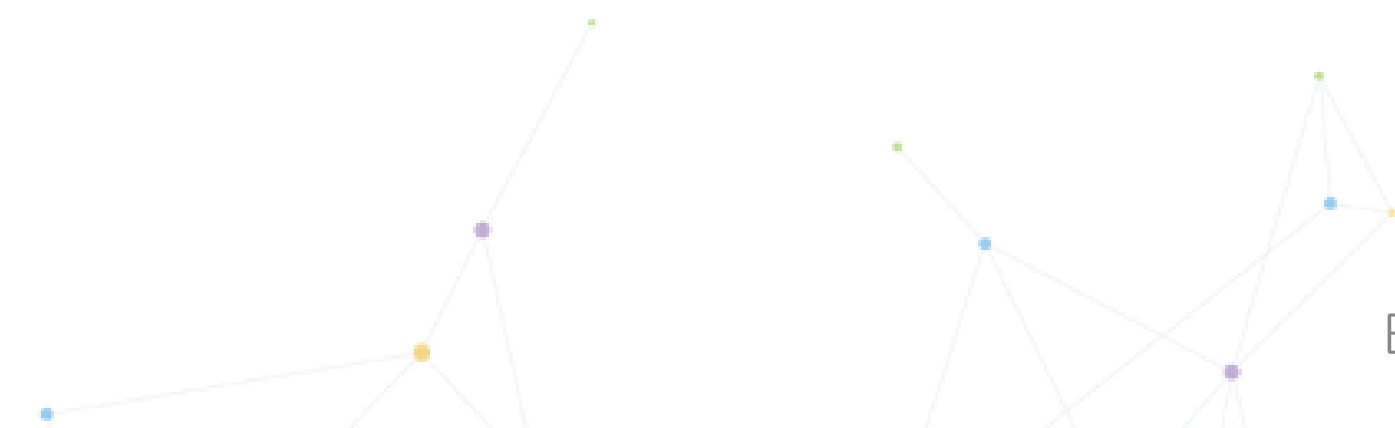
Key customers include:

- Defence ministries
- Intelligence agencies
- Coast guards
- Border / homeland security agencies
- Shipping companies





- ✓ Subscription based Data-as-a-Service licencing to access data
- ✓ Annual Licensing Fees for 1st Cluster between A\$128k – A\$971k per licence
- ✓ Initial target licences base is in excess of 130 users
- ✓ Repeatable model, data ‘rented’ to an unrestricted number of customers
- ✓ Data accessed via industry standard APIs
- ✓ Standardised pricing based on number of users and use of the data
- ✓ Highly cost effective when compared with operating own assets
- ✓ Go-to-market strategy includes direct sales and via integrator, channel partner and reseller
- ✓ Additional satellite clusters will enhance data set and drive premium pricing



Kleos is accessing diverse, Global B2G & B2B multi-market, direct, channel partner & reseller agreement revenue streams as below:

Defence/Security Market – Government/Enterprise Licence Customers

Defence
Ministries

Intelligence
Agencies

International
Organisations

Tier 1 ISR
Supply
Chain

Intelligence
Aggregators

Border/Homeland
security Agencies

Maritime Market – Team Licence Customers

Coast
Guards

Maritime Security
Companies

International Safety
Organizations

Insurance
Companies

Shipping
Companies

Intelligence
Aggregators

Other Markets – Team/Single User Licence Customers

Search and
Rescue Agencies

Regulatory
Bodies

Communications
Providers

Earth Observation
App Developers

NGO

Customer contracts, Agreements and Pre-Orders have been announced from around the world including:

- USA
- Canada
- Latin/Central/South America
- UK
- France
- Middle East
- Australia New Zealand

Global engagement (the pipeline numbers encompass a wide range of levels from early discussions to signed contracts) has already been achieved across a wide range of customer, reseller and integrator types.

Subscription licences scale based on size of the team, number of users and with amount of data accessed (with increasing clusters). From A\$128k for a single user to A\$971k for a large team annual licence, per cluster.

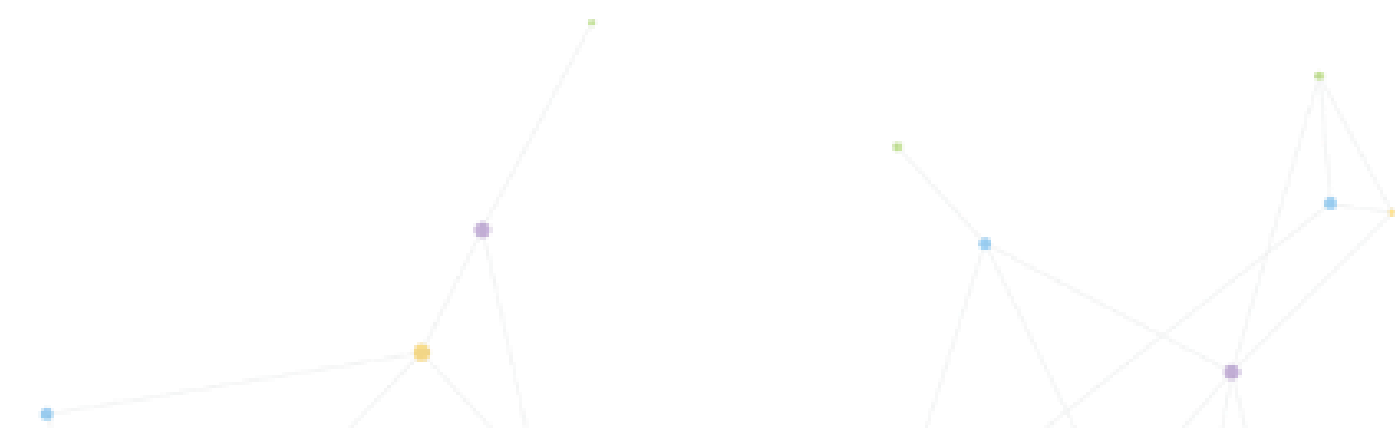
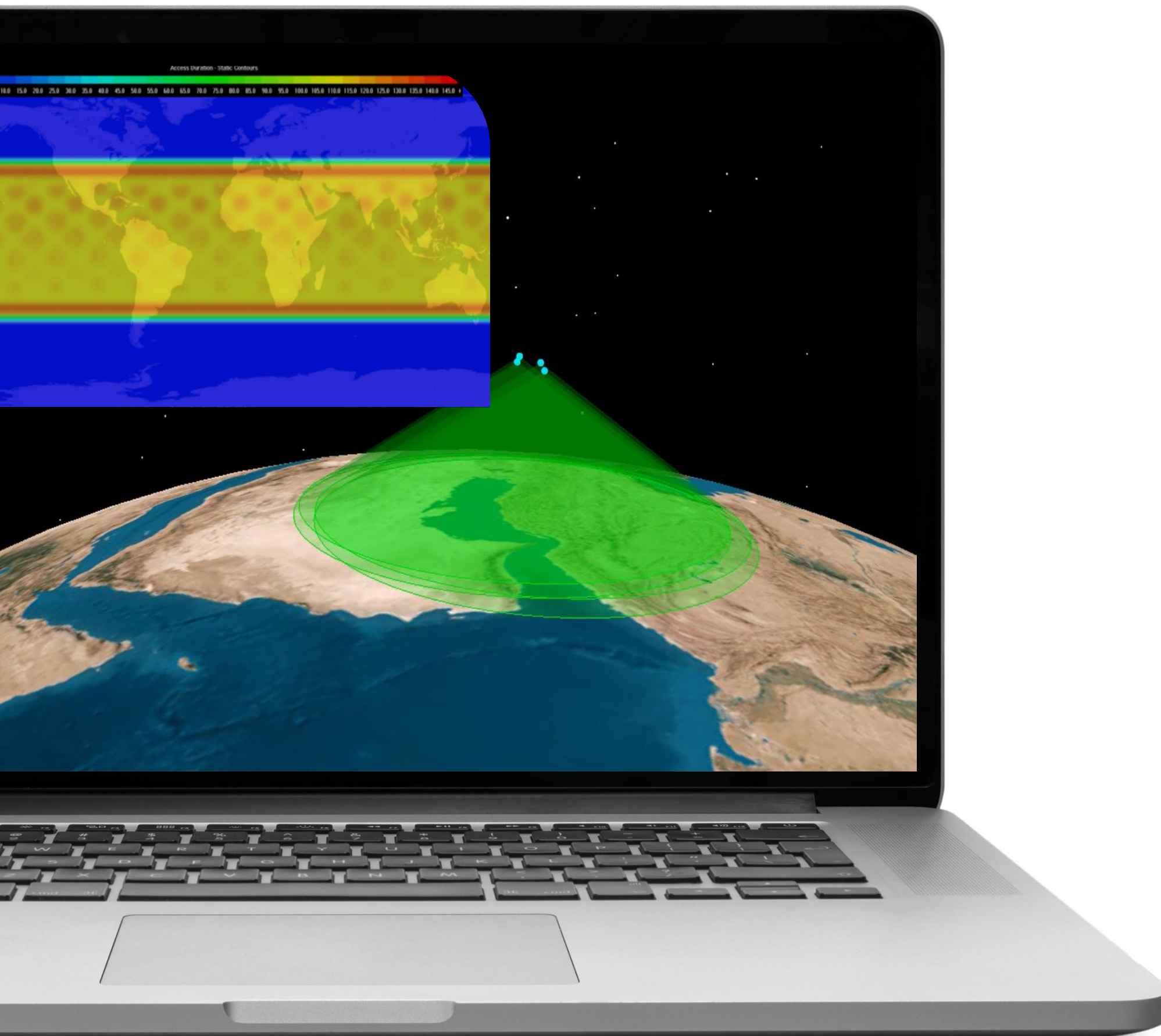
		Deal pipeline
Reseller, Channel Partner	Route to market for a particular region, each partner is able to sell many licences to their customer base at 'single user, team or enterprise' level	26
Integrator	A specialised entity that is aggregating or integrating multiple data sets together to deliver a derived product to their customers	66
Government Defence	Defence and Security single users, agencies, departments delivering a capability, solution for end users	29
Government Civil	Regulatory or other civil single users, agencies or departments delivering a capability, solution for end users	10

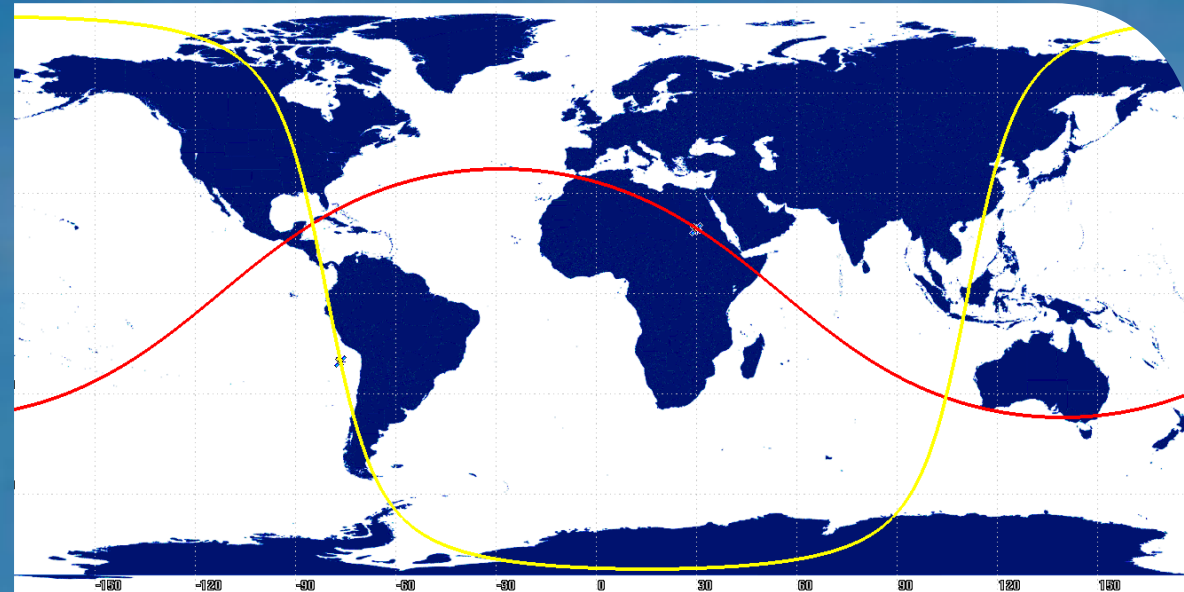
Highlights include:

- ✓ L3Harris contracted as data integrator and to place Kleos products on to the GSA Schedule a widely used US Government Portal which provides a shorter, simplified sales process.
- ✓ Contract awarded for Kleos data from Utah State University Space Dynamics Laboratory (SDL) under multi-national Government initiative in collaboration with US Air Force Research Laboratory. The Brazilian Government agency Agência Nacional do Petróleo, Gás
- ✓ Natural e Biocombustíveis – ANP (www.anp.gov.br) pre-Order Kleos data. Member of the USAF Catalyst Accelerator Programme.

1ST MISSION 37° INCLINATION ORBIT

- Reveal dark, currently hidden, activity such as smuggling and piracy
- The 4x satellite Kleos Scouting Mission launched November 7th 2020 on PSLV C49 into a 37° inclination orbit
- Access duration shown on Left. Red = Higher access duration
- Scouting Mission satellites focussed on capture frequency range for push-to-talk transmitters such as walkie-talkies
- **EXAMPLE:** Initial assessment of areas of interest of the Strait of Hormuz and South China Sea was performed using the 10 degree planning approximation
- The Scouting Mission will provide approx. 70 hours of valuable data on illicit/dark maritime activity every month for each analysed Area of Interest





2ND MISSION - SSO ORBIT

- The 4x satellite Polar Vigilance Mission' launches June 2021 with SpaceX into a Sun Synchronous Orbit
- Orbit comparison shown on Left
 - Red = Scouting Mission
 - Yellow = Polar Vigilance
- Polar Vigilance Mission satellites to provide:
 - Further data set over new areas of interest
 - Access to new customer base
 - Increased revenue opportunity, volume of data collected will double, new data will be sold independently or combined with Scouting Mission data.



Increasingly complex global threats and emergencies are driving the need for more specific data from the world around us.

Covid-19 has focused governments further on people movement within borders as important as across borders
Criminals will exploit emerging black markets and restrictions





Large addressable Maritime Information market expected to be up to US\$1.41BN (Technavio)



No direct competitor with equivalent technology or business plan or area of interest cover



1st mover outside of US for similar offering. Hawkeye360 closest equivalent, US based, recently closed a US\$70m capital raise at a pre-money valuation of US\$200m (Edison Group Report).

Kleos market cap ~A\$110M as at 6 November 2020



The market and customer base welcomes multiple data sets to fill gaps and reduce risks.



High barrier to entry for competition:

- Development time
- Level of expertise required
- Capex intensive



Peter Round

Chairman/Exec Director

RAF Air Commodore, expert in EU Defence Issues, military affairs and has led multiple multi-million pound contracts within the Defence industry. Internationally renowned strategic executive with experience in the US, EU and NATO.



Miles Ashcroft

CTO/Co-Founder

Extensive 20+ years technical experience delivering technically ground breaking and high value Space engineering hardware to multiple international space agencies, multiple patent holder. Co-founder of Magna Parva.



Andy Bowyer

CEO/Co-Founder

15 years' heritage delivering complex Space projects, including on missions to Mars and Mercury as co-founder of Space Engineering company; Magna Parva. Experienced technology sales, marketing, contracting, commercial and business development executive across Space and Defence sectors.



David Christie

Non-Exec Director

20 years experience as a Solicitor and Executive in Australia, United Kingdom and the US. Specifically focused in corporate/commercial, governance and M&A. Currently a co-founder of an Artificial Intelligence company and Digital Marketing company. Australia based.

Karyn Hayes-Ryan

USA Director

Former intelligence community and Department of Defence senior executive with an extensive history in defence, aerospace and IT. Has held senior executive roles in the National Geospatial Intelligence Agency and National Reconnaissance Office.

Iain Hackston

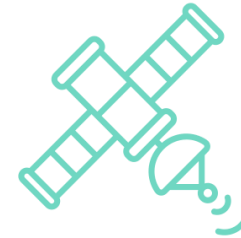
CFO

Extensive CFO experience and is a finance professional with wide-ranging international experience and a proven track record. Previous roles include O3b (satellite), LeoSat Enterprises, Inc. (satellite) – USA / Luxembourg and at SES Satellite Leasing (satellite (SES S.A Euronext: SESG).

Sean McKay

USA/Saudi BD

Retired Colonel and with over 22 years' experience in programme management for various Department of Defence, Foreign Military Sales, and Intelligence Community activities in command and control, intelligence, surveillance, reconnaissance, space.



Four Scouting Mission satellites Successfully
Launched 7th November 2020
which include a 9-12 week
commissioning period¹



**Satellite operating
licences in place** for
scouting satellites²



Data products prepared

Contracted revenues
commencing in Q1 2021 post
satellite test phase



**20+ Multiple early contracts, agreements and
pre-orders signed e.g.**

- ✓ US Air Force Micro-Satellite Military Utility programme contract awarded
- ✓ L3Harris (NYSE:LHX US\$37Bn market cap) – Integrator and placement on US Government GSA platform
- ✓ Multiple Nation state collaborations
- ✓ Government pre-orders awarded



Next cluster of four satellites in progress

Procurement contract and launch contract in place
for mid 2021 launch via SpaceX

¹ For further details see Kleos Space Scouting Mission Launch and Early Orbit Phase Schedule announcement to ASX on 4 November 2020.

² Additional licenses will be required for additional clusters of satellites. See the Key Risks for further details.

Offer size & structure	<p>Two Tranche Placement to raise approximately A\$19.0m (“Placement”)</p> <ul style="list-style-type: none"> • ~A\$7.6m under existing capacity and ~A\$11.4m subject to EGM approval • Bell Potter Securities is acting as Lead Manager to the Placement, Evolution Capital Advisors are Co-Manager
Placement & Offer Price	<p>Placement price of A\$0.72 per new share, representing a discount of 16.3% to the closing price of Kleos’ shares of A\$0.86 per share on 6 November 2020</p>
Use of Proceeds	<p>A\$19.0m Placement at A\$0.72 per share to professional and sophisticated investors funds raised will be used to:</p> <ul style="list-style-type: none"> • Fund the company beyond the launch of its second cluster of satellites to end 2021 • Accelerate third cluster development • Increase sales and marketing efforts • Provide additional working capital • Pay the costs of the offer
Timetable	<ul style="list-style-type: none"> • Trading Halt - 9 November 2020 • Trading Halt lifted, Placement Announced – 10 November 2020 • Settlement of Tranche 1 of Placement – 16 November 2020 • Allotment of Tranche 1 of Placement – 17 November 2020 • Settlement and Allotment of Tranche 2 of Placement – Early December 2020

Capital Structure (as at 6 November)	
Ticker	KSS
CDI price	A\$0.86
Total Shares on issue (m)	130,867,501
Market capitalisation	A\$112,546,051
Options, Performance Rights and Warrants ¹	17,829,506
Debt ²	A\$5.9m

Impact of Placement	
New CDIs to be issued under Placement ³	26,388,889
Pro-forma net cash position ⁴	A\$16.8m

¹ The Company has received applications to exercise 1.3m options prior to the date of this presentation but these applications have not yet been processed

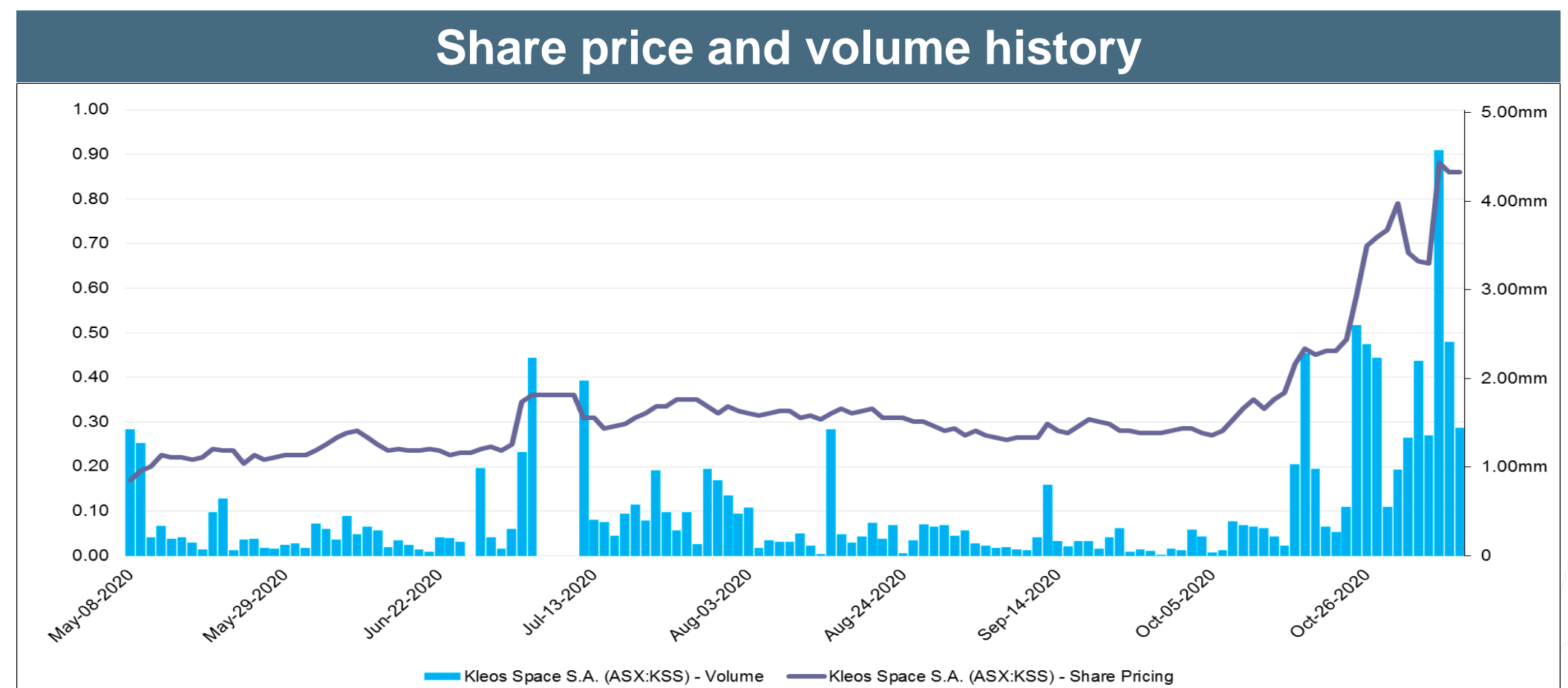
² The Company has a debt facility with Winance Investment LLC of EUR 3.41m, repayable in February 2021 with cash interest at 1.5% per month (see ASX Release dated 18 February 2020). The Company also received a loan of EUR 146k from the Luxembourg state under a Coronavirus support scheme. Interest is payable at 0.5% pa and repayment terms will be negotiated in 2021.

³ 10,585,878 CDIs will be issued under Tranche 1 and 15,803,011 will be issued under Tranche 2, subject to shareholder approval

⁴ Including proceeds raised under the Placement and based on period end 30 September as set out in the Appendix 4C released to ASX, October cash movements, and receipts from option exercise

Major Shareholders (as at 6 November)	Shares (m)	%
Magna Parva Limited ¹	25.00	19.10
LTL Capital and associated entities	23.61	18.00
Jan Cameron and associated entities	16.93	12.94
Winance Investment LLC	6.38	4.88
Andrew Bowyer	4.375	3.25
Miles Ashcroft	4.375	3.25
Top 20 Shareholders	95.16	72.70

¹ Magna Parva Limited is owned by Kleos founders Andrew Bowyer and Miles Ashcroft on a 50:50 basis



Contact:

Europe:
Andrew Bowyer - CEO
andy.bowyer@kleosglobal.com

Australia:
MMR Corporate Services
kleos@mmrcorporate.com

kleos.space/investors/

There are a number of factors, specific to Kleos and of a general nature, which may affect the future operating and financial performance of Kleos and the industry in which it operates. This section discusses some of the key risks associated with an investment in Kleos CDIs. These risks may affect the future operation and financial performance of Kleos and the value of Kleos CDIs. The risks set out on the following pages are not listed in order of importance and do not necessarily constitute an exhaustive list of all risks involved with an investment in Kleos. Before investing in Kleos, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on Kleos (such as that available on the websites of Kleos and ASX, carefully consider their personal circumstances and consult their professional advisers before making an investment decision. Additional risk and uncertainties that Kleos is aware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Kleos’ operating and financial performance. You should note that the occurrence or consequences of many of the risks described in this section are partially or completely outside the control of Kleos, its directors and senior management. Further, you should also not that this section focuses on the potential key risks and does not purport to list every risk that Kleos may have now or in the future. It is also important to note that there can be no guarantee that Kleos will achieve its stated objectives or that any forward looking statement or forecast contained in this presentation will be realised or otherwise evaluated. All potential investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section, and have regard to their own investment objectives, financial circumstances and taxation position. Cooling off rights do not apply to the acquisition of CDIs.

Launch of second and further clusters of satellites	<p>Kleos relies on third-party launch providers to launch its clusters of satellites into space. There is a risk that Kleos will not be able to secure satisfactory launch dates and/or that the cost of future launches will be greater than the budgeted amount. A delay to the launch date or increase to the cost of launch may have a material adverse impact on Kleos' business, financial performance and reputation.</p> <p>The launch of satellites into space is inherently risky. There is a risk that the vehicle used to launch the clusters of satellite will fail, and that the satellite will be damaged or destroyed. If a satellite is damaged Kleos will be required to repair the satellite. If a satellite is destroyed, Kleos will be required to acquire another satellite, reintegrate and retest that new satellite.</p> <p>A failed launch may have a material adverse impact on Kleos' business, financial performance and reputation.</p>
Supply of satellites	<p>Kleos has entered into a contract for the second cluster of satellites with Innovative Solutions In Space (ISISpace). There is a risk that ISISpace may not deliver the second cluster of satellites on time or at all, or the second cluster of satellite may not satisfy Kleos' specifications. If the delivery of the second cluster of satellites is delayed or does not meet specifications, the launch of the second cluster of satellites will be delayed. A delay to launch will delay Kleos' ability to collect data for sale; a delay to the sale of data may adversely impact Kleos' relationship with any customers that it may have at the time the launch is delayed and may have a material adverse impact on Kleos' business, financial performance and reputation.</p> <p>Kleos intends to enter into contracts for further clusters of satellites in the future. A delay to the purchase or delivery of the further clusters, or the further clusters not satisfying Kleos’ specifications, may have a material adverse impact on Kleos' business, financial performance and reputation.</p>
Commercialisation of the data products	<p>Kleos' technology, and the proposed data products, are relatively new to the intelligence, surveillance and reconnaissance (ISR) market and the geospatial market. There can be no assurance that Kleos' data products or any new product or service that Kleos develops will achieve market acceptance or will be commercialised fully.. For example, there may be a slower than expected uptake of the data products by Government agencies and corporations due to a number of factors, including the conservative attitude of Government agencies towards new technology.</p> <p>A failure to successfully develop and commercialise the Kleos data products or any new product or service that Kleos develops will have a material adverse impact on Kleos' business, financial performance and reputation.</p>
Data sales	<p>Kleos has entered into data sales contracts, agreements and pre-orders with customers, resellers and integrators. The majority of the sales contracts and pre-orders provide the counterparty with the opportunity to evaluate the Kleos data for a fixed period of time, after which the cost for continuation is subject to final licence negotiation. There is a risk that counterparties will not enter into a final licence with Kleos, which may have a material adverse impact on Kleos' business, financial performance and reputation.</p>

Commissioning risk	<p>The Launch and Early Orbit Phase (LEOP) is a critical phase of a satellite mission, covering launch, deployment and in orbit commissions to handover to Kleos' Mission Operations Team to enact day to day operations and data generation activities. During LEOP, the Mission Commissioning Team activate and monitor and control the satellite subsystems, including establishing uplink and downlink, detumbling, software verifications, antenna deployment, payload verification and manoeuvring to position the satellites into operational orbit and formation.</p> <p>The LEOP for the Scouting Satellites may take up to 12 weeks from the launch date of 7 November 2020. There is a risk that the LEOP for the Scouting Satellites will not be completed either successfully, or at all, and that the LEOP for additional clusters of satellites will not be completed successfully or at all. This may adversely impact Kleos' relationships with customers and may adversely impact Kleos' business, financial performance and reputation.</p>
Failures or disruptions in Kleos' technology	<p>Kleos depends upon the constant real-time performance, reliability and availability of its technology system to collect and transmit data. There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors, some of which may be outside the control of Kleos, including damage, equipment faults, power failure, extreme space weather, natural disasters, computer viruses and external malicious interventions (i.e., hacking). Kleos' operational processes and contingency plans may not adequately address every potential event. This may adversely impact Kleos' relationships with customers and may adversely impact Kleos' business, financial performance and reputation.</p>
Reliance on key personnel	<p>Kleos' ability to effectively execute its growth strategy is substantially dependent on the performance and expertise of its team. Kleos is heavily dependent on its Executive Directors and other senior employees of the Company. The loss of these key management personnel, or any delay in their replacement, may adversely affect Kleos' future financial performance.</p>
Additional requirements for capital	<p>Kleos may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, production sharing arrangements or other means. Failure to obtain sufficient financing for the Kleos' activities and future projects may result in delay and indefinite postponement of these activities and potential research and development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Kleos and might involve substantial dilution to securityholders.</p>
Intellectual property	<p>Kleos depends upon its ability to commercially exploit its IP. Kleos relies on laws relating to trade secrets and copyright in protecting its proprietary rights. However, there is a risk that unauthorised use or copying of Kleos' software, data, specialised technology or platforms may occur.</p> <p>Kleos may be required to incur significant expenses in monitoring and protecting its IP rights. Kleos may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity of, its rights. Any litigation could result in significant expense to Kleos and cause a distraction to the Company's management. In addition, unauthorised use of the Company's brand, technology or intellectual property by third party products or services may not only result in potential revenue loss, but also have an adverse impact on Kleos' reputation.</p> <p>In addition, there is a risk that the validity, ownership or authorised use of IP relevant to Kleos' business may be successfully challenged by third parties. This could involve significant expense and potentially the inability to use the intellectual property in question, and if an alternative cost-effective solution were not available, it may materially adversely impact Kleos' financial position and performance.</p> <p>There is also a risk that Kleos will be unable to protect new IP it develops in the future.</p>

Competition	<p>Kleos must always be competitive. Its technical solutions will continue to develop and are subject to rapid change, while business practices continue to evolve. Kleos' success will in part depend on its ability to offer services and systems that remain ahead of the continuing changes in technology, evolving industry standards and changing problem space.</p> <p>There is no assurance that competitors will not succeed in developing product more effective or economic than the product developed by Kleos which would render the Kleos product uncompetitive.</p>
Limited trading history and track record	<p>Kleos is an early stage company with limited trading history. Since commencing operations in 2017, the Company's activities have principally involved raising money to develop its technology and build up its personnel capabilities. Like many early stage companies, Kleos has incurred losses since its inception. The cumulative losses as of 30 June 2020 are approximately €7,618,105. Given Kleos' limited trading history it may be difficult to make an evaluation of Kleos' business or its its prospects.</p>
Failure to obtain or maintain licences and permits	<p>Kleos must obtain a number of licences and permits before it will be permitted to operate the second cluster of satellites and any further clusters of satellites. Such approvals include obtaining the concession to establish and operated a Luxembourgish satellite granted under the Electronic Media Law (Concession) from the Luxembourg Government, a frequency allocation for operational system from the International Telecommunication Union (ITU) and a licence for the use of frequencies or radio channels for transmission and reception from the frequency assignment from the Institut Luxembourgeois de Regulation (ILR). There is a risk that Kleos may not obtain some or all of the necessary licences and permits either in a timely manner or at all for the second and future clusters of satellites. This may adversely impact Kleos' business, financial performance and reputation. The Company will incur ongoing costs and obligations associated with regulatory compliance. Any failure to comply with regulations may result in the suspension or cancellation of necessary licences and permits, or additional costs for corrective measures, penalties or in restrictions on the Company's proposed business operations which could have a material adverse effect on the business, results of operations and financial condition of the Company. In addition, changes in regulations could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.</p>
Suspension or withdrawal of the Concession	<p>The Company must maintain the Concession in order to operate the first cluster of satellites, the Scouting Mission. The Company must obtain and maintain a further Concession in order to establish and operate the second cluster of satellites and any further clusters of satellites. The Concession is granted by the Luxembourg Government, and is subject to a number of conditions and will need to be renewed for additional clusters. One condition of the Concession for the Scouting Mission, and an expected condition of the Concession for the second and further clusters of satellites, is that any person who intends to directly or indirectly hold a stake in the Company in such a way that the proportion of voting rights held by such person meets or exceeds the Thresholds of 20%, 33%, or 50% or that the Company becomes its subsidiary, must obtain the prior approval of the Luxembourg Government. The Company cannot guarantee that the Luxembourg Government will approve any acquirer. If a person exceeds one of these ownership thresholds without the prior approval of the Luxembourg Government, the Luxembourg Government may: (i) request that the Company to suspend the exercise of the voting rights attaching to the relevant shares or request the nullity or cancellation of the votes attaching to the shares; (ii) request the holders of CDIs/shares to reduce their participation to fall below the aforementioned threshold; and (iii) suspend or ultimately withdraw the Concession, as the case may be. The suspension or withdrawal of the Concession would mean that the Company would not be able to operate any satellite, which will adversely impact Kleos' business, financial performance and reputation.</p>
New regulation	<p>Although currently there are no specific new regulatory issues concerning nano-satellites in low earth orbit, this is a matter of global policy and regulation. Kleos cannot guarantee this will not change, and if there will be additional regulation, how it will influence budget and schedule.</p>
Space environment	<p>Kleos' Scouting Satellite hardware was tested prior to launch to ensure it will cope with the operation in Space. However not all components of the Scouting Satellite are Rad-Hard (radiation resistant) or fully redundant. There is the possibility of in space failure due to space local environment issues.</p> <p>There is a risk that extreme space weather events such as solar flares, solar eruptions, and gamma ray bursts may occur. Although Kleos' hardware will be designed and tested to withstand normal space environment conditions, Kleos' Scouting Satellite (like existing satellites) will not be designed to withstand such an extreme event.</p> <p>The failure or, or damage to, the Scouting Satellite or any additional satellites may adversely impact Kleos' relationships with customers and may adversely impact Kleos' business, financial performance and reputation.</p>

ISR and geospatial demand risk	Kleos expects that demand for ISR and geospatial data will increase. However, demand for such data is subject to macro-economic factors. A change to macro-economic matters such as a global economic crisis, may have a material adverse effect on market demand for ISR or geospatial data.
Impact of COVID-19	<p>The events connected to COVID-19 have resulted in significant market falls and volatility including in the prices of securities trading on ASX (including the price of Kleos' CDIs). There is continued uncertainty as to the further impacts of COVID-19 including in relation to government action, work stoppages, lockdowns, quarantines, travel restrictions and the ongoing impact on the global economy. In light of recent global macroeconomic events, including the impact of COVID-19, there is uncertainty with respect to the severity and duration of the current recession in Australia, as well as the downturn or recession in other international economies. If the operations of Kleos, its customers or suppliers are interrupted or suspended for a prolonged period as a result of any such events, there may be a material adverse impact on the operating and financial performance and prospects of Kleos. COVID-19 could also continue to slow parts of Kleos' sales cycle. For example, the impact of COVID-19 on travel and social interactions restricts the ability of Kleos' sales staff to meet with existing and potential customers. Limitations on large scale gatherings also hinder the ability for sales staff to participate in events such as conferences that Kleos representatives could ordinarily attend and use to generate leads.</p> <p>The impact of COVID-19 on Kleos' financial conditions and operations could deteriorate as future developments and new information may continue to emerge. Any future outbreak of public health epidemics may restrict economic activities, reduce business volume or disrupt Kleos' business operations.</p>
Second tranche of the Placement – approval risk	The issue of CDIs under the second tranche of the Placement is subject to securityholder approval. There is a risk that securityholders will not approve the second tranche, and the investors in the second tranche will be released from their commitments to acquire CDIs. If this occurred, the amount raised by Kleos would be approximately A\$11.4 million, and Kleos may be required to seek additional capital from other sources. Such capital may not be available to Kleos on acceptable terms or at all.
Foreign exchange risk	<p>The proceeds of the Offer will be received in Australian Dollars, while the Company's functional currency is Euro. Kleos is not currently hedging against exchange rate fluctuations, and consequently will be at the risk of any adverse movement in the Euro-Australian Dollar exchange rate between the pricing of the Offer and the closing of the Offer.</p> <p>The CDIs will be listed on the ASX and priced in Australian Dollars. However, the Company's reporting currency is Euro. As a result, movements in foreign exchange rates may cause the price of the Company's CDIs to fluctuate for reasons unrelated to the Company's financial condition or performance and may result in a discrepancy between the Company's actual results of operations and investors' expectations of returns on securities expressed in Australian Dollars.</p>
General market and CDI price risks	There are general risks associated with any investment in the share market. The price of a Kleos CDI may increase or decrease due to a number of factors. Those factors include fluctuations in domestic or global financial markets and general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, and the nature of markets in which Kleos operates. These factors may cause the price of Kleos CDIs to trade below the price at which they are offered under the Offer, notwithstanding Kleos' financial or operating performance. Neither Kleos nor its directors warrant the future performance of Kleos or any return on an investment in Kleos.

Exposure to changes in tax rules or their interpretations

Tax rules or their interpretation for both Kleos and its securityholders may change.

There is a risk that both the level and basis of taxation may change both in Luxembourg and Australia, as well as new markets it may enter in the future. The tax considerations of investing in the CDIs may differ for each security holder. Each prospective investor is encouraged to seek professional tax advice in connection with any investment in Kleos.

There are costs and management time involved in complying with both Luxembourg and Australian laws

As a Luxembourg company, Kleos will need to ensure its continuous compliance with the laws of Luxembourg. Kleos will be listed on the ASX and registered as a foreign company in Australia, therefore Kleos will also need to ensure continuous compliance with relevant Australian laws and regulations, including the ASX Listing Rules and certain provisions of the Corporations Act. To the extent of any inconsistency between the laws of Luxembourg and Australian law and regulations, the Company may need to make changes to its business operations, structure or policies to resolve such inconsistency. If the Company is required to make such changes, this is likely to result in additional demands on management and extra costs.

Speculative nature of investment

The above list of key risks ought not to be taken as exhaustive of the risks faced by Kleos or by investors in Kleos. The above risks and others not specifically referred to above may in the future materially affect Kleos, its financial performance or the value of the CDIs. This is particularly so for an early stage business such as Kleos', where there is limited operating history and experience. The CDIs issued under the Offer carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX. Potential investors should therefore consider an investment in Kleos as speculative and should consult their professional advisers before deciding whether to apply for CDIs under the Offer.

International Selling Restrictions

This presentation does not constitute an offer of new CDIs of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the CDIs may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the new CDIs have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the new CDIs has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to new CDIs that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted new CDIs may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

Cayman Islands

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands or from within the Cayman Islands.